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SEP 20 1993



September 17, 1993

BY OVERNIGHT MAIL

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: CC Docket No. 93-129

Dear Mr. Caton:

Enclosed for filing please find an original plus four (4) copies of the Direct Case of Rochester Telephone Corporation in the above-docketed proceeding.

To acknowledge receipt, please affix an appropriate notation to the copy of this letter provided herewith for that purpose and return same to the undersigned in the enclosed, self-addressed envelope.

Very truly yours,

Michael J. Shortley, III

cc: Tariff Division (w/ diskette)

ITS, Inc.

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

SEP 20 1993

FCC-MAL-71

In the Matter of

800 Data Base Access Tariffs and the
800 Service Management System Tariff

CC Docket No. 93-129

DIRECT CASE OF
ROCHESTER TELEPHONE CORPORATION

Introduction

Rochester Telephone Corporation ("Rochester"), on its behalf and that of its exchange carrier subsidiaries that concur in its Tariff F.C.C. No. 1, and Vista Telephone Company of Minnesota and Vista Telephone Company of Iowa (collectively "Vista") submit this direct case in response to the Bureau's Designation Order^{1/} in this proceeding. Neither Rochester nor Vista own a service control point ("SCP"). As such, they are relying upon adjacent exchange carriers that own SCPs to perform the 800 queries on their behalf. Indeed, Rochester and all but one of its exchange carrier subsidiaries that concur in Rochester's Tariff F.C.C. No. 1 will not themselves bill interexchange carriers with respect to 800 calls that originate in their territories. Rather, the adjacent exchange carriers providing the service will bill interexchange carriers with

^{1/} 800 Data Base Access Tariffs and the 800 Service Management System Tariff, CC Dkt. 93-129, Order Designating Issues for Investigation, DA 93-930 (Com. Car. Bur. released July 19, 1993) ("Designation Order").

respect to those calls.^{2/} Although Vista will bill interexchange carriers for 800 calls originating in its territory, Vista will simply pass through, without mark-up, the rates tariffed by U S West, Vista's SCP provider. Thus, Rochester and Vista engaged in no rate development, and therefore, most of the issues designated by the Bureau for investigation are inapplicable to Rochester and Vista.^{3/}

Rochester and Vista demonstrate in the balance of this direct case that their 800 data base tariffs are reasonable.

Argument

I. ROCHESTER'S AND VISTA'S TARIFFS ARE SUFFICIENTLY CLEAR.

Rochester and Vista are not themselves providing 800 data base functionality. As such, they were necessarily constrained in describing the features being offered. If the Bureau orders changes to the tariffs of the underlying SCP providers, Rochester and Vista may need to change their tariffs accordingly.

^{2/} The one exception is Enterprise Telephone Company ("Enterprise"). Its rate development is discussed on section II, infra.

^{3/} Specifically, issues 2 and 3 (exogenous cost treatment and rate development of price cap exchange carriers), most of issue 4 (rate development of rate of return carriers), issue 6 (CCSCIS cost allocations), issues 7 and 8 (SMS tariff) are inapplicable to Rochester and Vista. For this reason, Rochester and Vista cannot provide the information requested in Appendix A. As set forth in the filing requirements for Appendix B of the Designation Order, Rochester is providing the demand information only with respect to Enterprise.

Nonetheless, in response to the Bureau's specific concerns, Rochester and Vista intended as follows:^{4/}

1. basic 800 query service would include area of service routing at the LATA level;
2. interexchange carriers would be billed per attempt, even if the associated call could not be delivered to the identified interexchange carrier (where the query could not identify the interexchange carrier, no charge could apply);
3. Rochester and Vista will not market vertical features to end users (indeed, Rochester and Vista do not intend to market 800 data base service at all and have not sought to become Responsible Organizations ("RESPORGs") and therefore have not filed RESPORG tariffs).

Rochester and Vista believe that the tariffs they have filed comply with applicable Commission requirements. They are, however, prepared to modify their tariffs to take into account any revisions that the Bureau may require with respect to the

^{4/} See Designation Order, ¶ 6.

tariffs of their underlying SCP providers.^{5/}

II. ENTERPRISE PROPERLY ADJUSTED
ITS DEMAND FIGURES IN
CALCULATING ITS 800 DATA BASE
RATES.

Enterprise has established its 800 data base rate by adjusting its demand forecast to take into account the likelihood that a certain percentage of its queries would not be billable to an interexchange carrier. Rochester is supplying on behalf of Enterprise the demand information required by Appendix B of the Designation Order.^{6/}

The data show that, based upon base year 1992 data, Enterprise anticipates that it will not be able to bill

^{5/} The Bureau also requests comment on whether the "originating LECs may properly establish tariffed charges for the query service when the neighboring LEC who provides the service also has charges for the service in its tariff." *Id.*, ¶ 34 (issue 4). Where the originating exchange carrier is actually billing for the service -- as is the case with Vista and Enterprise -- it is appropriate that those carriers tariff the service. Where the originating exchange carrier is not billing the service -- as is the case for Rochester and most of its price cap subsidiaries -- Rochester would not object to an order requiring it to delete the service from its tariff, without prejudice to its ability to refile should it decide to provide or bill for the service.

In addition, the Bureau requests comment on whether non-SCP owners should flow-through reductions in the tariffed rates of SCP owners. *Id.*, ¶ 35 (issue 5). Rochester and Vista believe that they should.

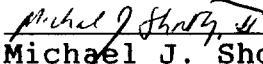
^{6/} The Designation Order requests this information from rate of return carriers that adjusted their demand in this manner. It also requested Rochester to supply this information on behalf of Enterprise (*id.*, ¶ 36 & App. B), although Enterprise is a price cap carrier.

approximately 20% of the queries launched from its service territory. The Bureau should bear in mind that Enterprises's tariff is also a flow-through tariff. Enterprise will need to flow through two distinct charges: (1) the per query data base charge of the underlying SCP provider; and (2) the charge by Independent Telecommunications Network for transporting that query to the SCP. Enterprise needs to account for the likelihood that it will not be able to bill a certain percentage of the data base queries in establishing the rate that it will charge for 800 data base service in order to remain whole. Thus, in proposing what amounts to an exogenous cost adjustment under price caps, Enterprise established its rate to recover those costs -- but no more than those costs -- associated with its provision of or billing for that service.

Conclusion

For the foregoing reasons, the Bureau should conclude that Rochester's and Vista's 800 data base tariffs are reasonable and conclude its investigation consistent with the analysis contained herein.

Respectfully submitted,


Michael J. Shortley, III

Attorney for Rochester
Telephone Corporation

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September 17, 1993

Enterprise 800 Query Rate Development

1991 800# Messages 1,863,336

1992 800# Messages 1,990,416 6.82%

Rate Development:

<u>Messages</u>	<u>Completion Ratio</u>	<u># 800 Attempts</u>	<u>Query Charge</u>	<u>Attempts * Dip Charge</u>	<u>Billable Messages</u>	<u>Tariffed Rate</u>
1,990,416	0.8	2,488,019	\$0.0120	\$29,856	1,990,416	\$0.0150

Enterprise Tel Co.
800 Query Rate Development
Demand Basis

	<u>IS</u>		<u>ST-ER</u>		<u>Total</u>
JAN	180,269		45,184		225,453
FEB	175,532		39,490		215,022
MAR	169,607		38,949		208,556
APR	171,536		41,275		212,811
MAY	175,925		42,450		218,375
JUN	173,699		41,572		215,271
JUL92	106,714	55.20%	86,601	44.80%	193,315
AUG	166,868	82.71%	34,883	17.29%	201,751
SEP	166,948	82.70%	34,919	17.30%	201,867
OCT	172,697	82.68%	36,185	17.32%	208,882
NOV	157,564	82.72%	32,917	17.28%	190,481
DEC	165,132	84.15%	31,104	15.85%	196,236
Total 1992 800 Msgs, incl Non Completes					2,488,020
Non-Complete Ratio					0.80
Total 1992 Demand Basis					<u>1,990,416</u>

<u>IS</u>	<u>ST-ER</u>	<u>Total</u>
1,982,491	505,529	2,488,020
<u>79.68%</u>	<u>20.32%</u>	
1,585,993	404,423	1,990,416

INFORMATION REQUEST FOR 800 DATABASE SERVICE COSTS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total
I. Unit Cost and Investment																
STP/SCP Signalling Link																
Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																
Overhead Loadings																
Total																
Local STP/Regional STP Signalling Link																
Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																
Overhead Loadings																
Total																
Tandem Switch																
Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																
Overhead Loadings																
Total																
S&P																
Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																
Overhead Loadings																
Total																

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total

II. Jurisdictional Separations

STP/SCP Signalling Link

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment

Local STP/Regional STP Signalling Link

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment

Tandem Switch

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment

SSP

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment

	A
III. Demand	Total

800 Database Queries

State 800 Database	404,423
State Other	
Interstate 800 Database	1,585,993
Interstate Other	
Unbillable Query Factor	0.2

Certificate of Service

I hereby certify that, on this 17th day of September, 1993, the foregoing Direct Case of Rochester Telephone Corporation was served by first-class mail, postage prepaid, upon the parties on the attached service list.

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